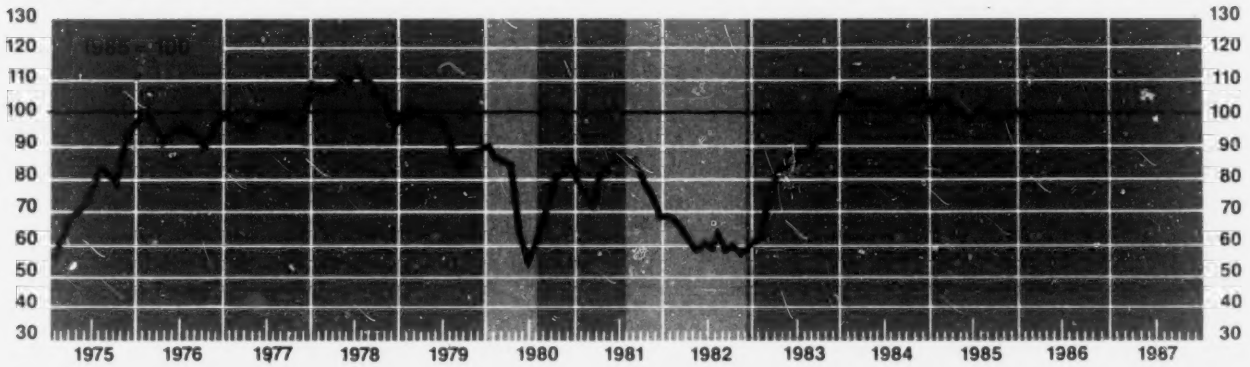
Consumer Attitudes and Buying Plans

A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

February, 1986



CONSUMER CONFIDENCE AND BUYING PLANS MODERATELY WEAKER

Consumer confidence is down slightly as we enter the new year. The Board's rebased, seasonally adjusted index (1985 = 100) edged off to 97.3 from a revised December figure of 99.8. Buying plans, too, were down marginally.

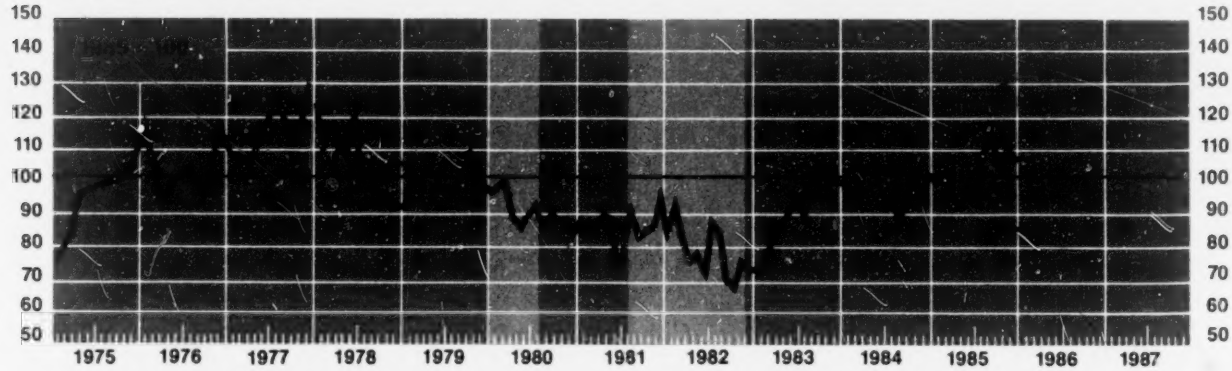
In assessing the ongoing scene, there was a small decline in those who consider business conditions to be "good," and a small rise in the number of those who consider conditions to be "bad." In looking ahead to the first half of 1986, people are a bit less optimistic than a month ago. Now only 17.8 percent of those contacted expect business conditions to improve, down from 19.7 percent. Similarly, those who anticipate some improvement in employment dropped to 13.5 percent, a loss of two points. Still, there has been a rise in the number of people who expect their income to improve in the months to come.

Buying plans have not changed very much. The number of those planning to buy an automobile dropped to 8.9 percent from 10.2 percent. But the higher reading no doubt reflects the industry's heavy promotions, which were not available this month. Plans to purchase a home edged back to 3.6 percent, compared with 3.9 percent a month earlier. Interest in buying a major appliance, however, has increased. In the last probe, 34.0 percent of those contacted indicated they would buy a major appliance over the next six months, up from 29.8 percent.

For about a year and a half now, consumer confidence has remained substantially unchanged. The fact that confidence has remained high for so long despite the uninspiring performance of the economy in 1985 is reassuring. Particularly encouraging the consumers' sustained high level of expectations for the future. This particular component of the survey has proven to be a highly sensitive leading economic indicator. In the almost twenty-year history of this survey, it has foreshadowed every major turn in the economy. While recent figures do not suggest any significant acceleration in the economic growth rate in the immediate months to come, neither do they send any of the signals that traditionally precede a recession. All in all, the consumers are telling us to expect modest growth during the first quarter of the year. In the past, their advice has always been sound.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

NOTE: New seasonal factors have been applied in adjusting monthly data. Also, the base date of indexes is now 1985. Adjusted historical data are available on request.

All series seasonally adjusted	1985 *Jan.*	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sept*	*Oct.*	*Nov.*	*Dec. (r)*	1986 *Jan. (p)*
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	103.0	104.0	98.0	101.0	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8	97.3
Present Situation	103.8	101.4	97.1	104.4	98.5	99.9	101.2	95.2	97.4	100.6	99.7	101.3	99.8
Expectations	102.4	105.7	98.7	98.8	95.4	100.1	101.3	102.5	99.8	98.4	98.1	98.8	95.7
Buying Plans Index	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8	104.2
Appraisal of Present Situation: Percent													
Business Conditions													
Good	29.4	28.1	28.4	29.1	27.8	28.6	27.9	26.2	26.6	28.2	27.4	28.7	27.1
Bad	19.6	19.0	20.0	18.3	21.0	20.5	20.5	23.4	21.8	21.4	21.3	21.0	22.0
Normal	51.0	52.9	51.6	52.6	51.2	50.9	51.6	50.4	51.6	50.4	51.3	50.3	50.9
Employment													
Jobs plentiful	19.4	18.8	18.4	18.7	19.2	19.2	19.3	18.9	19.6	19.8	19.5	19.7	19.5
Jobs not so plentiful	50.7	50.2	47.8	51.8	48.5	49.0	50.4	49.7	48.2	49.3	49.6	49.6	50.7
Jobs hard to get	29.9	31.0	33.8	29.5	32.3	31.8	30.3	31.4	32.2	30.9	30.9	30.7	29.8
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	20.5	23.0	20.2	19.5	19.2	20.7	20.0	21.8	20.3	22.0	19.9	19.7	17.8
Worse	8.0	7.4	9.1	8.9	9.4	8.8	8.1	8.7	8.9	10.8	9.1	8.5	8.8
Same	71.5	69.6	70.7	71.6	71.4	70.5	71.9	69.5	70.3	67.2	71.0	71.8	73.4
Employment													
More jobs	16.1	16.8	14.8	15.4	14.4	15.7	15.4	16.8	16.1	16.7	15.2	15.5	13.5
Fewer jobs	14.9	14.2	15.9	16.0	17.0	16.0	14.9	15.4	16.7	16.7	17.3	16.1	16.5
Same	69.0	69.0	69.3	68.6	68.6	68.3	69.7	67.8	67.2	66.6	67.5	68.4	70.0
Income													
Increase	27.6	27.8	27.0	25.3	26.2	27.4	26.1	27.3	28.0	27.4	29.8	26.7	28.0
Decrease	8.0	8.1	7.7	7.4	8.3	7.8	7.5	7.8	8.0	8.3	7.9	8.4	7.9
Same	64.4	64.1	65.3	67.3	65.5	64.8	66.4	64.9	64.0	64.3	62.3	64.9	64.1
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	9.3	9.0	8.8	8.6	8.1	8.2	8.1	8.5	10.6	8.9	9.1	10.2	8.9
New	4.7	4.6	4.8	4.9	4.5	4.7	5.1	5.0	6.0	5.1	5.3	5.4	5.1
Used	3.1	2.9	3.1	3.0	2.7	3.1	2.6	3.1	3.1	2.9	2.8	3.3	2.8
Uncertain	1.5	1.5	0.9	0.7	0.9	0.4	0.4	0.4	1.5	0.9	1.0	1.5	1.0
Home													
Yes	3.4	3.1	3.4	3.6	3.3	3.3	3.4	3.6	3.4	3.6	3.8	3.9	3.6
New	0.9	1.0	0.9	1.0	0.9	1.0	1.1	1.0	1.0	1.1	0.8	0.9	1.2
Lived in	1.6	1.3	1.6	1.6	1.5	1.5	1.5	1.5	1.6	1.7	1.9	2.1	1.8
Uncertain	0.9	0.8	0.9	1.0	0.9	0.8	0.8	1.1	0.8	0.8	1.1	0.9	0.6
Major appliances													
Total plans	28.1	29.0	27.9	27.1	24.5	27.9	27.8	27.8	28.4	35.9	28.5	29.8	34.0
Refrigerator	3.9	3.9	3.9	3.8	3.4	4.2	4.4	3.9	3.7	5.1	3.9	4.4	5.7
Washing machine	3.8	3.6	3.8	4.5	3.0	3.5	3.8	3.8	3.9	6.2	3.7	3.8	4.8
Black and white TV	0.8	0.7	0.8	0.4	0.5	0.5	1.0	0.7	0.4	0.7	0.7	0.7	0.5
Color TV	7.5	8.0	7.4	7.3	7.2	7.8	7.0	7.5	7.8	10.0	8.1	8.5	9.2
Vacuum Cleaner	5.2	5.0	4.6	4.2	3.9	4.5	4.1	4.5	5.0	5.1	5.1	4.9	5.5
Range	2.3	2.8	2.5	2.2	2.5	2.7	3.0	3.0	2.7	3.2	2.7	3.0	2.9
Clothes dryer	3.4	3.3	3.2	3.2	2.5	3.1	3.1	2.8	3.4	4.1	2.9	3.1	3.9
Air conditioner	1.2	1.7	1.7	1.5	1.5	1.6	1.4	1.6	1.5	1.5	1.4	1.4	1.5
Carpet	6.5	7.1	6.7	7.4	6.2	7.4	7.6	7.1	7.0	8.7	6.7	6.6	7.3
Vacation Intended Within Six Months: Percent													
Vacation Intended		48.8		48.9		50.3		48.7		49.2		44.7	
Destination													
Home state		9.6		9.3		9.7		9.4		8.8		8.0	
Other state		33.7		33.8		35.2		34.0		35.4		32.2	
Foreign country		7.1		8.2		6.9		7.1		6.0		5.9	
Means of travel													
Automobile		29.6		30.1		32.1		29.9		29.8		26.1	
Airplane		19.3		20.0		19.4		19.1		18.3		18.3	
Other		4.6		5.7		4.3		4.1		3.8		4.5	

(p)—preliminary (r)—revised

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters at (212) 759-0900.